

Ministry of Agriculture
BRIEFING NOTE FOR MINISTER FOR INFORMATION FOR MEETING
with BC Fruit Growers Association August 28, 2013

Ref: 178287

Date: August 14, 2013

Issue: Meeting with the BC Fruit Growers' Association (BCFGA) on August 28, 2013

Background:

- In 2011, about 800 tree fruit growers produced farm gate sales of \$75.2 million. Apples represent 58 per cent of the planted area and 49 per cent of the farm gate value, whereas cherries represent 25 per cent of the planted area and 41 per cent of the farm gate value.
- Since the early 1990's, the tree fruit industry has shrunk from about 20,000 acres to 14,000 acres today. Much of the lost acreage has been replanted to wine grapes but also other uses.
- Over the same period, the production area in Washington State has increased by 17,000 acres to 232,500 acres. Their costs are lower in Washington State as well.
- There are no tariffs or other impediments to tree fruits exported into Canada and Western Canada is a prime market for Washington State packers.
- The BC industry is working hard to reduce packing costs and significant progress is being made with assistance from the \$5 million Tree Fruit AgriFlex program.
- The Tree Fruit Industry Working Group Final Report (attached) offers a summary of the industry's strategies and reports.

Discussion:

The topics the BCFGa will discuss with the Minister include:

- **Competitive opportunities for the BC tree fruit sector:**
Issue: BC is not currently competitive with packing costs when compared to Washington State
Response: Funding to improve BC's competitive position has been sourced from the BC Tree Fruit Marketing and Infrastructure Innovation AgriFlex Program from 30+ projects. Projects approved total about \$4.2 million. Most of the Tree Fruit AgriFlex funding has been used for innovative packing and storage infrastructure for BC Tree Fruits Cooperative and independent packers. These expenditures will result in lower packing costs for BC apples and cherries. Some of those funds have also been used for area-wide pest control research, strategies and industry competitiveness studies. Replanting to higher value varieties such as Ambrosia and sweet cherries for the export market under the replant programs has also assisted the industry in a very major way.
- **Progress towards a new replant program:**
Issue: The industry has requested an ongoing commitment for a replant program of \$2 million per year.
Response: The Ministry of Agriculture has considered options that have been used in other jurisdictions and the ministry is looking to finalize a long-term program that will benefit the industry in a sustainable way. Consultation with the industry will continue before the program is announced. (See Cliff 178285 attached).
- **Environmental Programs:**
Issue: Environmental programs (under Growing Forward 2) including a deer fencing program, worker sanitation facilities and area-wide Integrated Pest Management (IPM) could be developed and/or enhanced.
Response: Consultation with other branches and the federal government regarding the feasibility of funding environmental activities such as proposed by the BCFGa have taken place; funding is not included for deer fencing; however, funding for innovative area-wide IPM programs can be considered under the AgriInnovation program, administered by Investment Agriculture Foundation of BC. Limited funding for sanitary facilities (up to \$5,000) is available from the On Farm Food Safety Program. The BCFGa has applied to this program for funding to implement an education program for producers for on-farm food safety.

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- **Columbia River Treaty:**

Issue: Washington State subsidizes power for pumping and irrigation infrastructure. BCFGA is concerned that funding from the Columbia River Treaty (CRT) is not going to assist agriculture impacted by the irrigation water.

Response

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s.13 the BCFGA and other associations are encouraged to engage in the current CRT Review consultations and make any submissions with respect to compensation through that process.

- **Worker housing:**

Issue: Washington State provides subsidies housing.

s.16

for worker

Response:

BC is not considering a housing program for farm workers. Concern that foreign workers have better housing than is available for Canadian workers will need to be addressed by the industry at some point.

Contact: Jim Campbell, Industry Specialist, Innovation and Industry Development Branch
250 498 5254

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MINISTER OF AGRICULTURE
TOUR OF OKANAGAN
August 26 – 30, 2013

Ref: 178382

Date: August 28, 2013

Meeting with: Josie Tyabji, Director, Western Estates and Industry Relations, Constellation Brands Canada (Jackson-Triggs winery)

Topic(s) of Discussion:

Differential treatment of BC wineries with respect to their ability to sell wine to restaurants and bars in stainless steel kegs (small estate wineries can, large commercial wineries can't).

Background:

On their direct sales to restaurants and bars, BC's larger commercial wineries (Constellation Brands, Mission Hill, Andrew Peller) only receive full Liquor Distribution Branch (LDB) mark-up rebates on VQA wine sales. Anything other than VQA wine only generates 7 percent mark-up rebates.

The smaller "land-based" estate wineries receive full mark-up rebates for 100 percent BC wine (VQA certified or just "100 percent BC wine"). The key distinction is that 100 percent BC wine doesn't necessarily have to be VQA wine. VQA regulations (under the Wines of Marked Quality Regulation) require wine to be sold only in glass bottle of specified sizes. There is no such requirement for simply 100 percent BC wine. The BC Wine Authority (BCWA) is the agency that governs this regulation.

Estate wineries are using this distinction (producing 100% BC wine, but not certifying it as VQA) to be able to sell wine to restaurants and bars in a new stainless steel keg format that licensees find convenient and cost-effective.

Current Status:

The commercial wineries would like to be able to sell their high quality wine to restaurants and bars in kegs as the small estate wineries can. This would require either the LDB changing its mark-up policy to give full mark-up rebate to the commercial wineries on sales of non-VQA, 100 percent BC wine, or the BCWA changing their packaging requirements.

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Recommended Response:

s.13, s.17

Contact: David Coney, Senior Manager, Agrifoods Policy and Legislation, 250-387 3232

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Ministry of Agriculture
BRIEFING NOTE FOR MINISTER FOR INFORMATION FOR MEETING
with BC Salmon Farmers Association on July 31, 2013

Ref: 178266

Date: July 29, 2013

Issue: Key Salmon Aquaculture Policy and Regulatory Issues

Background: The BC finfish aquaculture industry is challenged by its decreasing competitiveness relative to other producers and by a lack of growth opportunities. The BC Salmon Farmers Association (BCSFA) are seeking British Columbia government support to help develop a long-term strategy and growth plan for the sector. They wish to discuss the following topics at this meeting to help address this challenge:

1. Provincial (AGRI and FLNR) and industry participation on finfish aquaculture committees.
2. Perceived instances of aquaculture industry regulation through the *Land Act*.
3. Provincial support for national aquaculture strategy at Canadian Council of Fisheries and Aquaculture Ministers (CCFAM).
4. Opening of the North Coast (north of Aristazabal Island) to applications for finfish aquaculture.
5. Service standards for Provincial tenure decisions.

First Nations Considerations: Three First Nations are actively involved in salmon aquaculture and several more have protocol agreements with salmon farming companies.

Discussion: Most of these items relate to the administration and adjudication of Crown lands and, therefore, are the responsibility of FLNR. Suggested responses to the issues above include:

1. One of my staff participates on the Finfish Aquaculture Industry Advisory Panel (FAIAP) now. FLNR must make its own decisions with respect to participation on FAIAP.
2. The Province (FLNR) has the authority to make decisions on the density of the physical occupation of Crown land and on the size and location of tenures. In the Discovery Islands area, the Province has made a time bounded decision on the size and number of tenures to assist with the Cohen Commissions' research recommendations. The Province does not have authority on biomass decisions. A decision on reconfiguration of cages within external tenure boundaries is being reviewed.
3. I have just received the national aquaculture strategy from the Canadian Aquaculture Industry Alliance. My staff are reviewing the document and will discuss the details and perceived benefits with industry representatives and will provide me with a recommendation when complete.
4. Opening the North Coast for applications requires the existing Order in Council prohibiting new tenures for finfish aquaculture to be removed or amended. I am interested in learning from industry, what the perceived benefits are from doing this.
5. The Province (FLNR) has a target turnaround of 140 days for tenure decisions subject to extraordinary consultation. Consultation procedures with First Nations are in place, the challenge is with meeting the legal obligation to consult with First Nations. If there are specific suggestions to streamline First Nations consultation, then they should be discussed with FLNR staff.

Next Steps: The Province appreciates the important economic contributions of the industry and recognizes the valuable outreach activities with First Nations and the general public to increase the social licence for finfish aquaculture. To build on this social licence, it is important that government actions are seen to be deliberate and balanced with respect to finfish aquaculture. Staff will review the national strategy and provide feedback to the representatives.

Contact: Barron Carswell, Agrifoods Policy and Legislation Branch, 250 356-5042

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**Ministry of Agriculture
BRIEFING NOTE FOR MINISTER FOR INFORMATION
FOR BRIEFING OCTOBER 10, 2013**

Ref: 178594

Date: October 2, 2013

Issue: Update on issues raised by growers who met with the Minister on August 27, 2013 regarding hail damage.

Background:

- The Kelowna area hail storm which occurred on August 12, 2013 affected approximately 70 growers. Many of these affected growers met with the Minister on August 27.
- Tree fruit claims are estimated at approximately \$4.5 million while grape estimates are \$1.4 million.
- Those producers that have had their crops meet the criteria for a write-off have been made aware of the inspection results. Producers are in the process of submitting their final declaration of production, which is required to complete their claim.
- Producers which have less than a write-off level of damage and who have a significant amount of late maturing production, will not have had final inspections until late September, just prior to harvest.

First Nations Considerations: N/A

Discussion: Follow up Issues:

1. **Damage to trees and vines.** In the most severely hit areas, growers were concerned about plant health as a result of foliage removal, bud damage and trunk splits from hailstones. This damage may not manifest itself until next year. Growers have been assured that the claims will remain open into next year to monitor plant health. If trees or vines subsequently die in numbers that exceed the deductible, those claims will still be processed. There was also concern that growers were incurring significant additional costs to maintain plant health. Growers were encouraged to keep track of costs incurred. It will take until fall or winter or perhaps next year before this situation is resolved.

Action: The Branch has been monitoring the situation and it appears that well-established trees and vines have not been permanently damaged. The Branch will continue to monitor this situation throughout the fall. It currently appears unlikely that the situation would merit any AgriRecovery investigation.

2. **Lost tonnage of production will affect packinghouse overhead costs because of reduced volumes.** Growers continue to be concerned that these storms have reduced the amount of fruit to be processed by the packinghouses (10,000 to 20,000 bins which represents about 10% of the annual volume) and since most overhead costs are sunk, the packing costs/lb will increase as a result, which reduces their returns. An additional concern that has recently emerged is that some growers are shipping their fruit to US packinghouses which could further reduce the volume, although this will likely not be significant this year.

No follow-up action discussed. This was an information item.

3. Concerns were expressed that juice prices were low and that much of the fruit damaged by this storm could not be shipped even for juice. This issue was raised to highlight the overall financial hit that the growers were experiencing and that they wanted the Minister to be aware of.
No action or follow-up discussed.

4. **Disaster self-sustaining fund** for fruit growers and/or agricultural producers. s.22
proposed the idea of industry, with the aid of government, to begin a crop disaster fund that could trigger to assist growers through the added costs incurred as a result of disasters such as this. No real details were discussed. This may be an idea/concept that could be investigated under the AgriRisk Initiative of GF2.

Action: It was agreed that the BRM Branch who has provincial responsibility for AgriRisk Initiatives would discuss within the Branch and follow-up with industry. AgriRisk initiative guidelines and processes are still in the development stages.

5. One grower raised a personal issue regarding trees that were planted this year and therefore, were not eligible for plant protection under Production Insurance. The current policy states that trees must be planted and survive the first winter before they are insurable; therefore, the trees are not eligible under this policy.

Action: The Branch will continue to monitor the health of the newly-planted trees. Recent inspections indicate that the losses are not as severe as first thought. The Branch will continue to work with the affected grower.

6. A recent hail event occurred in the early morning of September 30, 2013 and has affected an additional 112 orchards in Kelowna and 35 orchards and vineyards in Penticton/Naramata. Preliminary damage estimate due to this hail storm is an additional \$2.0 million in insured losses.

Summary:

- Hail storms have substantially affected apple crops in the Okanagan Valley this year. Most growers were adequately insured. Adjusting continues on schedule and claims are being processed and paid.
- The Branch continues to work closely with industry to address any individual issues that emerge.
- The Branch will continue to monitor the situation and report any new developments.

Contact: Gary Falk, BRMB, 250 861-7232

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**Ministry of Agriculture
BRIEFING NOTE FOR MINISTER FOR INFORMATION**

Ref: 178691

Date: November 8, 2013

Issue: Proposal to establish an Apple Research and Promotion Council

Background: The BC Fruit Growers' Association (BCFGA) is initiating a proposal to form an Apple Research and Promotion Agency, under the *Farming and Fishing Industries Development Act*. They are looking for the Ministry's support in finalizing a plan that they can take to their members for a vote. They would like to have their proposal ready for their upcoming regional meetings (November 27 & 28) and keep the voting open until January.

Discussion: For the long-term sustainability of the sector, establishing industry-supported research and promotions for is an excellent strategy. The success of the Ambrosia apple is largely due to the efforts of the New Tree Fruit Varieties Development Council.

Growers of the Ambrosia apple already pay a levy to the New Tree Fruits Varieties Development Council; this proposal indicates that they will pay into (and receive benefits from) both councils, but receive a rebate to offset.

The Tree Fruit Marketing and Infrastructure Initiative (under AgriFlex, a federal-provincial-territorial agreement), will be complete at the end of March 2014. Having a council in place to support marketing and promotion projects for apples inclusive of all varieties will be an important strategy for filling this anticipated gap.

The BCFGa has been building support for a few years, but needed to wait for apple prices to go up before growers were ready to support a levy. Their members have indicated now is a good time to proceed.

Conclusion: The Ministry is fully supportive and staff are already working to ensure implementation.

Contact: Jennifer Girard, Acting Senior Manager, Industry Development, Sector Development Branch

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Ministry of Agriculture
BRIEFING NOTE FOR MINISTER FOR INFORMATION FOR MEETING
with the
BC REAL ESTATE ASSOCIATION

Ref: 178624

Date: November 29, 2013

Issue: Core review of the Agricultural Land Reserve

Background:

The British Columbia Real Estate Association (BCREA) represents 11 member real estate boards and their approximately 18,500 realtors on all provincial issues, providing an extensive communications network, standard forms, economic research and analysis, government relations, applied practice courses and continuing professional education. To demonstrate the profession's commitment to improving quality of life in BC communities, BCREA supports policies that help ensure economic vitality, provide housing opportunities, preserve the environment, protect property owners and build better communities with good schools and safe neighbourhoods.

In the summer of 2010 the Agricultural Land Commission (ALC) and the Ministry of Agriculture (AGRI) conducted a series of stakeholder consultations across BC as part of a review of the ALC requested by the Premier. The BCREA was one of the groups consulted.

The BCREA expressed support for the ALR as the cornerstone of provincial food security and a *de facto* urban growth management tool. They also expressed support for the ALC, and noted that the ALC was under resourced relative to its mandate. They also noted that stronger compliance and enforcement was required for violations of ALC rules (e.g. truck parking on farmland), that the ALC should have more input to provincial interest decisions (e.g. LGIC exclusions for major infrastructure projects), and that prime farm land needed stronger protections than under the current rules. The BCREA also commented that marginal land could be treated with more flexibility, and that it was important to support not only farmland preservation, but also farmers and farming.

The BCREA's request of the ALC was for the ALC to engage the BCREA on a proactive basis in long term land use planning.

First Nations Considerations: N/A

Discussion:

BCREA is aware of the Core Review of the ALC and wishes to discuss the potential opportunities and challenges for their members. Their key concerns will be the lack of consultation during the Core Review process, and the need for clear information and certainty for their members.

Suggested Response:

- 1. The Premier has requested that I review the ALR to ensure that it is working for British Columbians – balancing farmland protection, the stability of farm families and the farming industry, and responsible economic development opportunities.**
- 2. No decisions have been made on changes to the ALR or ALC.**

Contact: David Coney, Policy manager, 250 387 3232

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